

Federal Personnel Manual System**FPM Letter** 591-33Published in advance
of incorporation in FPM
chapter 591**RETAIN UNTIL SUPERSEDED****SUBJECT:** Nonforeign Area Cost of Living Allowances for Guam and
the State of Hawaii.

Washington, D. C. 20415

August 13, 1979

Heads of Departments and Independent Establishments:

Introduction

The Office of Personnel Management has completed most of its 1979 review of the cost of living allowances paid to eligible employees on Guam and the State of Hawaii and the post differential allowance paid to eligible employees on Guam and certain islands of the Pacific. These allowances are paid under 5 U.S.C. 5941, Executive Order 10,000, as amended, and part 591 of the Office's regulations. This letter announces the results of the 1979 review of the post differential for all eligible locations and of the cost of living allowances paid on Guam and most allowance areas in the State of Hawaii. The 1979 review of the Maui and Molokai allowance areas in Hawaii has not been completed and will be released at a later date.

Effective date of Allowance Rate Adjustments

The effective date of the allowance rates shown in the attachment is the first pay period that begins on or after August 26, 1979.

Post Differential Review

Based on a review of the post differential rates, the Office has determined that no change is warranted in the rates currently authorized. The differential rates and locations are as follows:

<u>Location</u>	<u>Differential Rate</u>
American Samoa	25%
Canton Island	25
Christmas Island	25
Johnston and Sand Islands	25
Midway Islands	25
Wake Island	25
Guam	20

General Information

Agencies are requested to inform employees in the areas concerned of the actions approved by the Office. When doing so you are urged to advise employees that the allowance rates are subject to change, up or down, after each review. It is also important that they understand that the law does not provide for an allowance to compensate for increases in the cost of living, as such. Rather, the law provides for an allowance to compensate for the differences in living costs between Washington, D.C., and the so-called nonforeign areas, when living costs are substantially higher than comparable costs in Washington, D.C.

Inquiries: Office of Allowances and Special Rates, Compensation Division, ext. 28742 or 63-28742

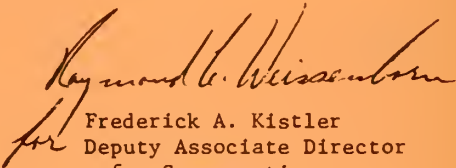
Code: 591, Allowances and Differentials Payable in Nonforeign Areas

Distribution: FPM

An analysis of the price/cost data shows that between the 1978 and 1979 surveys Washington, D.C., prices for all categories increased about 14 percent. Large increases for example, occurred in Medical Care up 24 percent, Clothing up 18 percent, and Food at Home up 16 percent. On Oahu, these categories increased 11 percent, 11 percent and 14 percent, respectively. Housing costs in Washington, D.C., increased 15 percent over the year while on Oahu, costs increased 11 percent. It is these significantly greater increases in Washington, D.C., that result in a general reduction in allowance rates.

On Guam, the overall 1979 price/cost increases amounted to some 9 percent when compared to the 1978 data. This contrasts with the 14 percent increase for Washington, D.C. As pointed out above, Washington, D.C., housing costs increased 15 percent while Guam housing costs increased 8 percent. On Guam, Medical Care increased 3 percent as contrasted with 24 percent in Washington, D.C.

Cost of living allowances and post differentials authorized for nonforeign areas are payable in accordance with part 591 of the Office's regulations.


for Frederick A. Kistler
Deputy Associate Director
for Compensation

Attachment

This attachment shows the cost of living allowance rates for each allowance category for those locations for which an allowance has been authorized by the Office. It also includes definitions of the allowance categories for use in determining employee eligibility for an allowance. The 1979 review of the Maui and Molokai allowance areas has not yet been completed. The 1978 indexes and allowance rates for these areas are to remain in effect until changed by a future FPM Letter.

<u>GEOGRAPHIC COVERAGE/ ALLOWANCE CATEGORY</u>	<u>INDEX</u>	<u>ALLOWANCE RATE</u>
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State of Hawaii

ISLAND OF OAHU

<u>Allowance Category</u>	<u>1979 Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	112.2	12.5%
Local Retail/ Federal Housing	102.2	-0-
Commissary/PX/ Private Housing	97.9	-0-
Commissary/PX/ Federal Housing	87.9	-0-

ISLAND OF KAUAI

<u>Allowance Category</u>	<u>1979 Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	114.4	15.0%
Local Retail/ Federal Housing	107.6	7.5%
Commissary/PX/ Private Housing	113.8	15.0%
Commissary/PX/ Federal Housing	107.0	7.5%

ISLAND OF MOLOKAI

<u>Allowance Category</u>	<u>1978** Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	115.9	15.0%
Local Retail/ Federal Housing	105.8	5.0%
Commissary/PX/ Private Housing	None*	-
Commissary/PX/ Federal Housing	None*	-

ISLAND OF MAUI AND ISLAND OF LANAI

<u>Allowance Category</u>	<u>1978** Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	113.5	12.5%
Local Retail/ Federal Housing	110.6	10.0%
Commissary/PX/ Private Housing	None*	-
Commissary/PX/ Federal Housing	None*	-

ISLAND OF HAWAII

<u>Allowance Category</u>	<u>1979 Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	109.3	10.0%
Local Retail/ Federal Housing	102.1	-0-
Commissary/PX/ Private Housing	None*	-
Commissary/PX/ Federal Housing	None*	-

ISLAND OF GUAM

<u>Allowance Category</u>	<u>1979 Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	106.8	7.5%
Local Retail/ Federal Housing	104.0	-0-
Commissary/PX/ Private Housing	95.6	-0-
Commissary/PX/ Federal Housing	92.8	-0-

* The word "None" means that the allowance category does not exist in that allowance area and the appropriate local retail index and allowance rate applies depending on the type of housing occupied.

** The 1979 review for the Maui and Molokai allowance areas has not been completed. The 1978 indexes and allowance rates will remain in effect until the 1979 review is completed.

Definitions of Allowance Categories

The following definitions of the various allowance categories identified in the tables in this attachment shall be used in determining employee eligibility for the appropriate allowance rate:

<u>Allowance Category</u>	<u>Definition</u>
Local Retail/ Private Housing	This category includes those Federal employees who purchase goods and services from private retail establishments and who occupy housing units that are privately owned or rented. It also includes those employees who do not fall into one of the other allowance categories.
Local Retail/ Federal Housing	This category includes those Federal employees who purchase goods and services from private retail establishments and who occupy, as a condition of their Federal civilian employment, housing units that are owned or leased by a Federal agency.
Commissary/PX/ Private Housing	This category includes those Federal employees who have unlimited access to and who use military commissary and exchange facilities stemming from their Federal civilian employment and who occupy housing units that are privately owned or leased.
Commissary/PX/ Federal Housing	This category includes those Federal employees who have unlimited access to and who use military commissary and exchange facilities stemming from their Federal civilian employment and who occupy, as a condition of their Federal civilian employment, housing units that are owned or leased by a Federal agency.

Note: Eligibility for access to military commissary and exchange facilities is determined by the appropriate military department. If an employee is furnished commissary/exchange privileges for reasons associated with his or her Federal civilian employment, he or she will have an identification card that authorizes access to the facilities. Possession of such an identification card i.e., one issued by reason of his or her Federal civilian employment, is sufficient evidence that the employee uses the facilities. Similarly, the fact that an employee who has been authorized to occupy a Federally owned or leased housing unit as a condition of his or her Federal civilian employment actually occupies the unit is evidence that the unit is "used".

Agencies should adopt whatever methods are appropriate to obtain from employees the information needed to determine the applicable allowance category.

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